

Tips on choosing the right tax preparation software for you.

With all of the information about do-it-yourself tax preparation software and e-filing, some people have found themselves in a tangled web of technology. How do I know which software to buy? Should I even buy software? How easy is the software to use? How will I know that I didn't forget to fill in important information on the return? Well with today's technology and a little information from us, your questions can be answered.

Tax preparation software programs are designed to "walk you through" the process of completing a return, asking the same interview questions a professional preparer would ask while completing a return. In addition, the software provides simple worksheets to determine credit eligibility, and then completes the appropriate forms or lines on the return automatically. The software even does all of the math and eliminates the likelihood for simple errors, actually reducing the chance of getting the dreaded letter from the Internal Revenue Service or the Arizona Department of Revenue (DOR). Best of all, a degree in computer science is not needed to transmit (e-file) the return once it is completed. It's a simple task of answering questions like; "Do you want to e-file this return?" or "Would you like to e-file the IRS and AZ return?"

The question that requires some thought is deciding which software to select. The information below is designed to help in the selection of preparation software and wade through the hundreds of choices available to taxpayers.

1. Choose approved software. The Arizona Department of Revenue and the IRS put software applications through vigorous testing to ensure that the programs are compatible with each agency's applications. Only those software applications meeting the stringent standards receive approval. A list of approved software is at http://www.revenue.state.az.us/e_services/individual.htm. The list provides software that is approved by the DOR as well as the IRS.
2. Choose whether to buy software from a retail store or on the Internet. Pre-packaged software from a retail store requires access to the Internet to transmit (e-file) the returns. On-line (shareware) software application allows for the preparation and transmission of the returns via the Internet. One advantage of the Internet filing is that more than 50% of Arizona taxpayers qualify for free filing with the Arizona Free-File Alliance. Go to www.AZTaxes.gov and click on the e-file logo, select "Arizona Free File" to see if you are eligible.
3. Select software that fits! One size does not fit all; different products will support different forms. It is important to understand just what your tax filing needs are and then purchase/select accordingly. Here are some of

the questions you need to ask before selecting an application to prepare your *Arizona* return:

- What type of return did you file last year? Was it an EZ, Short or Long. Typically, you will file the same form this year.
- Do you itemize deductions? If you itemize select a software that provides a Federal Schedule A and Arizona Schedule A.
- If you pay taxes to another state or country, you want to be sure you can file the Arizona Form 309, Credit for taxes paid to another state or county.
- Did you contribute to an Arizona School Tuition Organization or an Arizona public school? Be sure the software includes the Arizona Form 322 or Form 323.
- You will need the Arizona Form 321 if you have contributed to charities that provide assistance to the working poor.

The above questions and answers represent commonly used forms by people filing their Arizona income tax return and are not all-inclusive. You can find answers to these and other software questions by clicking on information on how to e-file from a personal computer. The [chart](#) of approved online e-file providers includes information on each provider along with the different forms each one provides.

4. Determine the costs. Just like a tax preparer or an accountant, do-it-yourself tax preparation programs charge a fee for on-line tax service or pre-packaged software and some charge extra for the transmission of the return. Prices vary from free to \$80; however, price is not an indicator of flexibility. For example, one program may cost \$39.00 with limits on the types of forms offered, while another costs \$18.00 and offers all eligible e-file forms. No matter the costs, the benefits and convenience of e-filing outweigh the costs.

Remember; always compare the price and features making sure that IRS and DOR have approved the software or “shareware” for e-filing before purchasing it. Happy Tax Day!